

Message Text

CONFIDENTIAL

PAGE 01 STOCKH 02170 01 OF 02 201525Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----201602Z 104077 /45

R 201342Z MAY 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 0646
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
USMISSION USNATO

C O N F I D E N T I A L SECTION 1 OF 2 STOCKHOLM 2170

EXDIS

E.O. 11652: GDS
TAGS: PINT, ECON, SW
SUBJECT: UNCERTAINTIES IN SWEDEN

1. SUMMARY: THE CUSTOMARY IMAGE OF SWEDEN--STABLE,
PRODUCTIVE, WELL-OFF--MAY BE GETTING OUT OF DATE. THE
TOUGHEST LABOR NEGOTIATIONS IN MANY YEARS UNDERLINE THE
DEPTH OF ECONOMIC PROBLEMS, WHILE IN POLITICS THE
GOVERNING COALITION SHOWS LITTLE SIGN OF OVERCOMING ITS
SPLIT ON NUCLEAR ENERGY. STILL GOING WELL ON PAST
MOMENTUM, SWEDISH SOCIETY IS RELUCTANT TO FACE UP TO
CHANGES THAT MAY BE REQUIRED IF STANDARDS OF RECENT
YEARS ARE TO BE MAINTAINED. IF STANDARDS FALL, NO ONE
KNOWS WHAT THE PSYCHOLOGICAL AND ECONOMIC/POLITICAL
RESULTS MAY BE. WHILE THERE IS STILL GOOD REASON FOR
CONFIDENCE IN SWEDEN, IN THE EMBASSY'S VIEW, US
POLICY-MAKERS SHOULD BE AWARE THAT THERE ARE MANY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STOCKH 02170 01 OF 02 201525Z

LARGE UNCERTAINTIES PRESENT, AND OLD STABILITIES ARE
NOW SUBJECT TO STRESS. END SUMMARY.

2. THIS MESSAGE IS A KIND OF POSTSCRIPT TO OUR ANNUAL
ASSESSMENT, TAKING A SOMEWHAT SOMBER VIEW AND LOOKING
AT THE UNCERTAINTIES IN THE PRESENT SITUATION WHICH
COULD CAST SHADOWS ON SWEDEN'S FUTURE. THE PROTRACTED

WAGE NEGOTIATIONS, NOW IN A CLIMATIC STAGE WITH SOME STRIKES TAKING PLACE AND OTHERS THREATENED, ILLUSTRATE-- NO MATTER HOW THEY EVENTUALLY TURN OUT, FOR THE WHOLE PROCESS STARTS AGAIN IN JANUARY--THE STRAINS WITHIN THE SWEDISH ECONOMY. THE EMBASSY HAS REPORTED ON THE ECONOMY AMPLY, AND THERE IS NO NEED TO REPEAT; BUT THE CURRENT FACT IS THAT THE LONDON SUMMIT BROUGHT SMALL COMFORT TO THE SWEDES. HAVING RIDDEN OUT THE WORLD RECESSION THROUGH BUILDING INVENTORIES, AND WITH VERY LARGE WAGE INCREASES AND VERY LITTLE UNEMPLOYMENT, THE SWEDES ARE NOW PAYING THE PRICE. THEY KEEP HOPING FOR A FASTER WORLD UPTURN THAN IS HAPPENING. THEIR HOPES THAT THE CARTER ADMINISTRATION'S ECONOMIC PROGRAM WOULD HELP SWEDEN ARE FADING, AND INCREASINGLY THEY ARE FORCED TO FACE THE STRUCTURAL PROBLEMS IN THE SWEDISH ECONOMY. (THE VOLVO-SAAB MERGER IS AN INDICATION OF THIS INTROSPECTION). BUT SINCE WELFARE AND FULL EMPLOYMENT ARE SACRED HERE, AND SINCE SWEDISH PRICES REMAIN SKY-HIGH, THE NEED FOR CHANGES--INCLUDING A CUT IN CONSUMPTION--PRESSES. NO ONE SEEMS TO HAVE A CLEAR IDEA WHAT WILL HAPPEN, BUT SOMETHING SURELY HAS TO GIVE.

3. ON THE POLITICAL FRONT, THE EMBASSY MUST CONFESS TO SOME DISAPPOINTMENT IN THE FALLDIN COALITION. OF COURSE IT HAD BAD LUCK TO COME IN JUST AS THE BILL CAME DUE FOR PAST ECONOMIC PERFORMANCE, AND THIS MOSTLY EXPLAINS ITS POOR SHOWING AT THE POLLS, WHICH ARE NOT IMPORTANT NOW ANYWAY. BUT THE TROUBLE GOES DEEPER.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STOCKH 02170 01 OF 02 201525Z

WHILE THE NEW GOVERNMENT GAVE MANY SWEDES A GREAT BOOST JUST BY SHOWING THAT AN ALTERNATIVE TO THE SOCIAL DEMOCRATS WAS POSSIBLE, AND WHILE MANY ABLE MEN ARE IN THE GOVERNMENT, THE RECORD HAS BEEN IN GOOD PART CONFUSION AND LACK OF CLEAR DIRECTION. THE THREE COALITION PARTIES DO NOT SEEM AT ALL SURE THEY CAN CONTINUE TO WORK TOGETHER, AND MUCH MANEUVERING GOES ON WITH AN EYE TO FUTURE REALIGNMENT OF SWEDEN'S FOUR MAJOR PARTIES. THE CENTER PARTY'S LEADERSHIP HAS NOT BEEN IMPRESSIVE, AND ITS CONTINUED EMPHASIS ON MOVING AWAY FROM A NUCLEAR FUTURE FOR SWEDEN SEEMS TO HAVE WITHIN IT THE SEEDS OF DESTRUCTION FOR THE COALITION. THIS MAY TURN OUT NOT TO BE TRUE, BUT THAT IS THE WAY THINGS ARE HEADED. THE POSSIBILITY OF FALLDIN STEPPING DOWN IN THE FALL OF 1978 OVER THE NUCLEAR ISSUE IS REAL. IF SO, SWEDEN WOULD PROBABLY HAVE A PERIOD OF CARETAKING AND MANEUVERING LEADING TO THE FALL 1979 ELECTIONS. WHATEVER HAPPENS OVER THE NEXT FEW YEARS, THE FEELING NOW OF MAJOR UNCERTAINTY IN THE POLITICAL REALM IS NOTEWORTHY.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 STOCKH 02170 02 OF 02 201503Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----201508Z 103579 /50

R 201342Z MAY 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 0647
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
USMISSION USNATO

C O N F I D E N T I A L SECTION 2 OF 2 STOCKHOLM 2170

EXDIS

4. ON THE PSYCHOLOGICAL PLANE, SWedes were first hit with the first true change of government in 44 years; then by very bad economic news; then by the worst labor strife in years; and more change may well be coming. No one can really be sure at this point how further change may affect the Swedish outlook, Swedish society, and ultimately Swedish performance in the world arena. The Swedes are a staid and stable people, and they may simply buckle down and overcome the effect of change. Or more far-reaching adjustments could take place. One cannot be sure.

5. AS REGARDS US INTERESTS, SWEDEN'S PLACE IN A STABLE EUROPE AND IN A FIRM NORTHERN STRATEGIC SITUATION CALL FORTH OUR HOPE THAT THE SWedes WILL MEET THEIR NEED FOR CHANGE AND COME THROUGH STRONG AND STILL PROSPEROUS. IN FACT WE THINK THEY WILL, ALTHOUGH

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STOCKH 02170 02 OF 02 201503Z

POSSIBLY WITH SOME SERIOUS DISLOCATIONS ALONG THE WAY. THE IMMEDIATE POINTS FOR U.S. POLICY ARE: (A) TO NOTE THAT SWEDEN IS NOT QUITE SO SOLID AS ITS SURFACE (AND ITS OLD REPUTATION) INDICATES; (B) TO BE AWARE THAT THE GOVERNMENT HAS SERIOUS PROBLEMS AND THAT WE COULD CONCEIVABLY BE DEALING WITH A DIFFERENT COALITION OR WITH A NEW SOCIAL DEMOCRATIC GOVERNMENT WITHIN A COUPLE OF YEARS; (C) TO RECOGNIZE THAT WITH SWEDISH INTERESTS AFFECTED SO GREATLY BY US DECISIONS, WE MAY EXPECT CONTINUED SWEDISH REPRESENTATIONS IN SUCH AREAS AS TRADE (ABOUT POLICIES THEY MAY TAKE TO BE PROTECTIONIST) AND NUCLEAR ENERGY. BEARING IN MIND THE STRESSES THE SWedes WILL BE UNDER FOR THE NEXT SEVERAL YEARS, WE WOULD BE WEEL ADVISED TO KEEP IN MIND THEIR SENSITIVITIES AND, AS MUCH AS OUR INTERESTS ALLOW, TAKE ACCOUNT OF THEIR PROBLEMS IN OUR POLICIES. A STRONG AND STABLE SWEDEN REMAINS IN THE US INTEREST, BUT IT MAY NOT BE SO EASY FOR SWEDEN TO STAY THAT WAY AS IT HAS BEEN IN THE PAST.

PERRY

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNION GOVERNMENT RELATIONS, REPORTS, INTELLIGENCE ASSESSMENTS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Sent Date: 20-May-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STOCKH02170
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770180-0587
Format: TEL
From: STOCKHOLM
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770533/aaaabcfj.tel
Line Count: 190
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5bf8c58c-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2426355
Secure: OPEN
Status: NATIVE
Subject: UNCERTAINTIES IN SWEDEN
TAGS: PINT, ECON, SW
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/5bf8c58c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009